

Message Text

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PAGE 01 ADDIS 10175 101542Z

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ACTION L-03

INFO OCT-01 AF-08 ISO-00 EB-07 /019 W
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R 100908Z SEP 76
FM AMEMBASSY ADDIS ABABA
TO AMCONSUL ASMARA
INFO SECSTATE WASHDC 860

LIMITED OFFICIAL USE ADDIS ABABA 10175

DEPARTMENT PASS L/T

E.O. 11652: N/A
TAGS: MARR, ET
SUBJ: INTERPRETATION OF 1953 AGREEMENT

REFS: A) ASMARA 0662 B) ASMARA 0383 3 MAY 73

1. REQUESTED INTERPRETATION OF 1953 AGREEMENT DEMANDS GREATER LEGAL EXPERTISE THAN EMBASSY ABLE TO PROVIDE. EVEN IF FIRM IN QUESTION WERE TO QUALIFY AS USG CONTRACTOR, IT IS PROBLEMATIC WHETHER PRESENT ETHIOPIAN GOVERNMENT WOULD GRANT TAX EXEMPT STATUS.

2. PAST LEGAL PRECEDENTS INCLUDE ECCE (ENTE COMMERCIALE DE CONSUMO DELL'ERITREA) WHICH SUPPLIED MILK AND MILK PRODUCTS TO KAGNEW 1968-69, NATIONAL SOFT DRINK (1971), AND GOILA MEAT (1970) (REFTEL B). IN LATTER TWO CASES HIGH COURT DECISION EXEMPTED FIRMS FROM PAYING TURNOVER TAX AS ASSESSED BY INLAND REVENUE. ECCE CASE MORE COMPLICATED BUT SEEMS TO HAVE BEEN DECIDED IN FAVOR OF ECCE BY MINFIN SOMETIME IN 1975, ALTHOUGH OUTCOME NOT COMPLETELY CLEAR. HOWEVER, IN ALL THREE CASES "GOODS AND SUPPLIES" WERE FURNISHED TO THE USG, AND CITED AS BASIS FOR TAX EXEMPTION. WHETHER SAME EXEMPTION CAN PROPERLY BE CLAIMED WHEN ONLY "SERVICES" PROVIDED TO USG, SUCH AS SHIPPING OF HOUSEHOLD EFFECTS, SEEMS DOUBTFUL TO US, ALTHOUGH CONSULATE SHOULD AWAIT L/T RESPONSE FOR DEFINITIVE INTERPRETATION.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, INVESTMENT CLIMATE, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 10 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ADDIS10175
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760342-1187
From: ADDIS ABABA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760975/aaaaclso.tel
Line Count: 61
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 ASMARA 662, 76 ASMARA 383
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 28 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 JUN 2004 by ShawDG>; APPROVED <06 OCT 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERPRETATION OF 1953 AGREEMENT
TAGS: MARR, ET, US
To: ASMARA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006